

TOWN OF TOWNSEND FINANCIAL POLICIES



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TOWN OF TOWNSEND, DELAWARE

FINANCIAL POLICIES

The purpose of these policies is to present a standardized set of principles that the Town follows in managing its financial and budgetary affairs. These are general statements of policies, which represent long-standing principles, traditions, and practices that will be used to guide the Town in maintaining financial stability. It will be the responsibility of Finance to ensure the financial objectives of these policies are maintained.

Revenue Policy

1. The Town will strive to maintain a broad and diversified revenue base that will equitably distribute the burden of supporting Town services and will protect the Town from short-term fluctuations in any one revenue source.
2. The Town will actively support economic resiliency and community development recruitment and retention efforts to provide for a solid revenue base.
3. The Town will maintain timely collection systems and implement necessary enforcement strategies to collect revenues from available sources.
4. The Town will maintain fees and charges for services, as practical, at levels relative to the cost of providing such services. The Town Manager will review and make recommendations for changes to the fees and charges annually and no more than every three years to determine modifications needed to keep pace with the cost of providing the services.
5. Property tax rates are reviewed annually in accordance with the Town Code of Ordinance and the Town Charter.
6. The Town will project current revenues on a conservative basis. It is anticipated that actual revenues should consistently meet or exceed budgeted revenues.
7. The Town will maintain a budgetary control system and will prepare reports, which compare actual revenues to budgeted amounts monthly and quarterly.
8. The Town will limit the designation of General Fund revenues for specified purposes to maximize flexibility in budgeting and revenue utilization.

Expenditure Policy

1. Basic and essential services provided by the Town will receive first priority for funding, i.e. Public Safety & Health and Trash Services.

2. The Town will adopt a balanced budget in which total anticipated revenues must equal or exceed the budgeted expenditures for each fund.
3. The Town will maintain a budgetary control system to ensure adherence to the original adopted budget and will prepare reports, which compare actual expenditures to budgeted amounts on a monthly and quarterly basis.
4. The Town will restrict the use of appropriations as follows:
 - a. Funds appropriated for personnel expenses shall be restricted to use as personnel expenses
 - b. Funds appropriated as capital expenses shall be restricted to use as capital expenses.
 - c. Funds appropriated as operating expenses shall be restricted to use as operating expenses or moved to be used for personnel or capital expenses if approved by Council.
 - d. The Town Manager and Financial Officer have the flexibility to make budget adjustments as necessary.
5. The Town will refrain from budgeting revenues derived from infrequent and unanticipated transactions for ongoing expenses.
6. The Town will provide access to medical, dental, life, AD & D, and short-term disability insurance for its employees. The cost for these benefits will be a shared responsibility between the Town and its employees as outlined in the Town Personnel Handbook.

Debt Policy

1. The Town will maintain a debt management policy and full disclosure on financial reports.
2. The Town will maintain communications with bond rating agencies and continue to strive for improvements in the Town's bond rating.
3. The Town will adhere to its debt covenants.
4. The Town will review its debt capacity every three (3) years.
5. The Town will pay for all capital projects and capital improvements on a pay-as-you-go basis using current revenues if possible. If a project or improvement cannot be financed with current revenues, long-term debt or use of reserves will be recommended.
6. The Town will refrain from issuing long-term debt for a period in excess of the expected useful life of the capital project.

7. The Town will seek refinancing of outstanding debt if it is determined that the Town will benefit by reduced interest expense over the remaining life of the bonds.

Investment and Cash Management Policy

1. The Town will deposit all receipts within 1 week of receipt.
2. The Town will strive to maximize the return on its investment portfolio without jeopardizing principal amounts in accordance with Resolution No. 11-02.
3. The Town will limit its investments to the types of securities provided for by Delaware statute, Title 6 Chapter 73.
4. The Town will diversify its investments by maturity date to protect against market fluctuations.
5. The Town will purchase securities from qualified institutions based on competitive bids in an effort to obtain the highest available rates.
6. The Town will maintain an Investment Policy based on prudent investment practices and will monitor all investment managers' compliance with policy objectives.

Capital Improvement Policy

1. The Town will prepare and update, as needed a five-year Capital Improvements Program (CIP) which will provide for the orderly maintenance, replacement, and expansion of capital assets.
2. When preparing the CIP, the Town will seek to identify all viable capital projects and capital improvements required during the subsequent five-year period. These projects and improvements will be prioritized by year and by funding source.
3. When appropriate, the Town will seek Federal, State, and other funding to assist in financing capital projects and capital improvements.
4. The Town will seek input from the public in relation to the establishment of projects and project priorities.

Financial Reporting Policy

1. The Town's accounting system will maintain records in accordance with accounting standards and principles outlined by the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), and the State of Delaware.

2. The Town will employ an independent accounting firm to perform an annual review/audit of the Town's finances. The annual review/audit will be made available to all required and interested parties in accordance with FOIA.
3. The Town will produce monthly financial statements reporting the current periods' activity for all funds maintained by the Town.
4. The Town will prepare an annual budget document that provides a basic understanding of the Town's planned financial operations for the coming fiscal year. Copies of the proposed and final budget will be made available to all interested parties and opportunities will be provided for citizen input prior to final decisions on the budget.
5. The Town will place continued emphasis on review and maintenance of an accounting system which provides strong internal budgetary and accounting controls designed to provide reasonable assurance, but not absolute, assurance regarding:
 - (a) the safeguarding of assets against loss from unauthorized use or disposition and,
 - (b) the reliability of financial records for preparing financial statements and reports, and the maintaining accountability for assets.

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